

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Transfer of Bound Printed Matter  
Parcels to the Competitive Product List

Docket No. MC2021-78

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued April 14, 2021)

To clarify the Postal Service's request to transfer Bound Printed Matter Parcels (BPM Parcels) to the competitive product list, filed March 26, 2021,<sup>1</sup> the Postal Service is requested to provide written responses to the following questions. The responses should be provided as soon as they are developed, but no later than April 21, 2021.

The questions are derived from a motion filed by Scholastic Inc. (Scholastic), which asserts that this additional information seeks "information that will allow participants to provide more constructive comments and evaluate whether the requested transfer meets applicable legal and regulatory requirements[.]"<sup>2</sup> Questions 10 and 11 have been edited to more concisely seek the information relevant to the Commission's review of the Request. Other questions are asked verbatim other than the addition of citations and minor typographical edits.

1. Is the Postal Service aware of any organizations other than Scholastic that mail multi-component bundles at Bound Printed Matter Parcel rates to schools (referred to as "educational multi-component bundles" below)?
2. Please provide the following information for educational multi-component bundles:

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<sup>1</sup> United States Postal Service Request to Transfer Bound Printed Matter Parcels to the Competitive Product List, March 26, 2021 (Request).

<sup>2</sup> Motion of Scholastic Inc. for Issuance of Information Request, April 9, 2021, at 1 (Motion).

- a. FY 2020 revenue, pieces, and weight for this subcategory of BPM Parcels
  - b. The FY 2020 percentage of pieces for this subcategory by rate category
  - c. The FY 2020 percentage of pieces for this subcategory that destinate in rural areas
3. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf to determine whether the Postal Service exercises sufficient market power that it can effectively set the price substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products<sup>3</sup> for educational multi-component bundles.
4. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf to determine “the availability and nature of enterprises in the private sector engaged in the delivery”<sup>4</sup> of educational multi-component bundles. In particular:
  - a. Please identify all firms that offer final mile delivery of educational multi-component bundles.
  - b. For each identified firm, please provide their price list (including all rural and other delivery surcharges) for delivering this type of mail.
5. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf to determine the costs that a mailer would incur if

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<sup>3</sup> See 39 U.S.C. § 3642(b)(1); *see also* 39 C.F.R. § 3040.132(d).

<sup>4</sup> See 39 C.F.R. § 3040.132(f).

forced to shift preparation of educational multi-component bundles from being polywrapped and strapped to being containerized in boxes.

6. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf regarding “the views of those who [mail educational multi-component bundles] on the appropriateness of the proposed”<sup>5</sup> transfer of educational multi-component bundles from the market dominant to competitive product list.
7. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf regarding “the likely impact of [transferring educational multi-component bundles] on small business concerns” (within the meaning of section 3641(h)).<sup>6</sup>
8. Please provide the total number of bundles of flat-shaped mail (across all products) that the Postal Service handled in FY 2020 and all underlying calculations.
9. Pages 7-8 of the Request states, “However, the cost of the higher UPS and FedEx list prices pays, in part, for additional features not offered by BPM Parcels, such as the five-day delivery guarantee within the continental United States and a much higher weight limit. In addition, UPS and FedEx commercial customers generally do not pay published rates but rather obtain negotiated rates such that the average rates actually paid are lower than the published rates would suggest. Indeed, UPS stated in its 2020 fourth-quarter earnings call that it is moving toward more personalized pricing for its customers.”

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<sup>5</sup> See 39 C.F.R. § 3040.132(g).

<sup>6</sup> See 39 C.F.R. § 3040.132(h).

- a. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf regarding the monetary value that shippers place on UPS's and FedEx's five-day delivery guarantee and other additional features offered by UPS and FedEx.
  - b. Please provide all studies and analyses (with relevant calculations, programs, workpapers, and documentation), whether formal or informal, performed by the Postal Service or on its behalf regarding how much lower UPS and FedEx negotiated rates are than UPS and FedEx list prices.
10. The following questions refer to the possibility of segmenting the BPM Parcels product for purposes of transfer.
  - a. Please confirm that the Postal Service could lawfully exempt or exclude educational multi-component bundles as a subclass or subordinate consistent with 39 U.S.C. § 3642(c). If not confirmed, please explain.
  - b. Please provide all studies and analyses regarding whether any segment of the BPM Parcels product, including educational multi-component bundles, should be exempt or excluded from transfer based on the policies of title 39 including the criteria of 39 U.S.C. § 3642.
11. Please identify any consultations the Postal Service undertook to inform itself of the use of the BPM Parcels product (or any sub-component of that product) or the views of the users of that product (or sub-component), and the information the Postal Service gleaned from those consultations.
12. This question refers to the Excel Workbook - Rate Comparison.xlsx,<sup>7</sup> which shows a comparison of current published prices for Bound Printed Matter

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<sup>7</sup> Excel file "Rate Comparison.xlsx," filed with the Motion.

Parcels, Parcel Select, UPS Ground packages (excluding surcharges), and FedEx Ground packages (excluding surcharges).

- a. Please confirm that the numbers in Rate Comparison.xlsx are correct. If not confirmed, please provide the correct figures and explain fully.
- b. Please refer to the chart in Rate Comparison.xlsx graphically depicting the rate comparison of 4-pound, Zone 1&2 prices for BPM DNDC Parcels, Parcel Select DNDC, and UPS and FedEx Ground. Please provide the estimated cost coverage for BPM Parcels that would result if all BPM Parcel prices were increased by 455 percent.

By the Chairman.

Michael Kubayanda